

To the Members of the California State Senate:

I am returning Senate Bill 576 without my signature.

I fully support efforts to help Californians stop smoking. Due to a successful aggressive anti-tobacco campaign, California's smoking rate has decreased to 15.4 percent, a 32.5 percent decline since 1988. California is second only to Utah in terms of having the fewest smokers.

A key priority of my Administration is to increase access to affordable health insurance. An independent analysis of SB 576 by the University of California's Health Benefits Review Program indicates that this bill would impose costs of \$77 million on employers, plans and individuals but only increase the utilization of the benefit by two-tenths of one percent among plans that already cover tobacco cessation and 6% for those that don't currently provide the benefit. Additionally, while more than 55% of insured Californians already have tobacco cessation coverage; only ten percent of smokers trying to quit utilize the benefit.

This bill reflects a difficult policy choice: focus on providing access to affordable health insurance products that an average Californian can purchase or impose a mandate that every person or employer that pays for health insurance pays a higher premium to cover costs for a universally offered tobacco cessation benefit .

Mandating coverage is not the appropriate approach to take at this time. I believe we should build upon California's anti-smoking success and encourage plans to get more smokers to utilize existing tobacco cessation benefits and persuade additional plans to include tobacco cessation benefits on a voluntary basis. I invite the sponsors of SB 576 and the healthcare industry to work with my Administration through the Department of Health Services and Department of Managed Health Care to challenge each other to develop affordable and efficient strategies that will further reduce smoking in California without increasing the cost of health insurance.

For the above reasons, I am unable to sign this bill.

Sincerely,

Arnold Schwarzenegger